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14 UNITED STATES BANKRUPTCY COURT
15 NORTHERN DISTRICT OF CALIFORNIA
16 SAN FRANCISCO DIVISION

17 In re:

18 PG&E CORPORATION,

19 - and -

20 PACIFIC GAS AND ELECTRIC
21 COMPANY,

22 Debtors.

- 23 ☐ Affects PG&E Corporation
24 ☐ Affects Pacific Gas and Electric Company
☒ Affects both Debtors

25 * All papers shall be filed in the Lead Case,
26 No. 19-30088 (DM)

Case No. 19-30088 (DM)
Chapter 11
(Lead Case) (Jointly Administered)

**RESERVATION OF RIGHTS WITH
RESPECT TO REQUEST FOR HEARING
ON APPLICATIONS OF THE OFFICIAL
COMMITTEE OF TORT CLAIMANTS
PURSUANT TO 11 U.S.C. § 1103 AND FED.
R. BANKR. P. 2014 AND 5002 TO RETAIN
AND EMPLOY HON. JOHN K. TROTTER
(RET.) AS TRUSTEE AND CATHY YANNI
AS CLAIMS ADMINISTRATOR NUNC
PRO TUNC TO JANUARY 13, 2020
THROUGH THE EFFECTIVE DATE OF
THE RESOLUTION TRUST AGREEMENT**

Date: April 7, 2020
Time: 10:00 a.m. (Pacific Time)
Place: United States Bankruptcy Court
Courtroom 17, 16th Floor
San Francisco, CA 94102

1 AT&T Corp. (“**AT&T**”), by its attorneys Crowell & Moring LLP and Arnold & Porter
2 Kaye Scholer LLP, hereby files this Reservation of Rights in response to the *Request for Hearings*
3 *On Applications of the Official Committee of Tort Claimants (“TCC”) to Retain and Employee*
4 *Hon. John K. Trotter (Ret.) as Trustee and Cathy Yanni as Claims Administrator Nunc Pro Tunc to*
5 *January 13, 2020 Through the Effective Date of the Resolution Trust Agreement* (the “Request for
6 Hearing”) [Docket No. 6486].

7
8 **RESERVATION OF RIGHTS**

9 AT&T is a Fire Victim in these Chapter 11 Cases. and filed Proof of Claim Number
10 86127, which asserts a claim against the Debtors in the amount of \$238,033,123.96 (the “**AT&T**
11 **Fire Victim Claim**”), of which \$89,136,240.07 is related to amounts and costs already incurred
12 and individually itemized in the AT&T Fire Victim Claim.

13 The TCC seeks approval of a request for a budget for Justice Trotter and Ms. Yanni in the
14 amount of approximately \$22 million through August 2020, comprising certain items, including
15 \$12.5 million for the “fees and expenses of claims processing experts.” Request for Hearing, ¶ 8.
16 The TCC states that this funding is necessary for “preparatory work” to be undertaken before
17 confirmation and the Effective Date of the Debtors’ and Shareholder Proponents’ Joint Chapter
18 11 Plan of Reorganization dated March 16, 2020. (the “Proposed Plan”) [Docket No. 6320].¹ *Id.*
19 AT&T has no objection to Justice Trotter’s and Ms. Yanni’s pre- Effective Date work and
20 preparation related to operation of the Fire Victim Trust and the development of the Fire Victim
21 Claims Resolution Procedures (together with the Fire Victim Trust, the “Fire Victim Initiatives”).
22 However, AT&T files this Reservation of Rights due to the fact that any resources and time spent
23 on the development of the Fire Victim Initiatives at this juncture in the cases should not prejudice
24 any objections to the Fire Victim Initiatives which will be heard in connection with confirmation
25 of the Proposed Plan.

26 The Fire Victim Initiatives as currently described in the Debtors’ Disclosure Statement
27 contain certain objectionable features. These include, but are not limited to:

28 ¹ Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Proposed Plan.

- The Trustee's and Claims Administrator's ability to provide "special consideration" to the treatment of certain Fire Victims with large enough claims that could impact the recovery of all remaining Fire Victims. *See* Docket No. 6353, p. 28 ("Special consideration may be given to the treatment of those claims in the discretion of the Trustee and the Claims Administrator to ensure that all other claimants receive fair and expeditious compensation."). Without further clarity as to what constitutes "special consideration" and which Fire Victims constitute those with large enough claims, AT&T does not have enough information to determine whether such process will unfairly discriminate against it and other large business Fire Victims. Nonetheless, it certainly appears that the Trustee and the Claims Administrator expressly intend to discriminate against larger Fire Victims.
- In a similar vein, *pro rata* treatment of all Fire Victim Claims is not assured in the Proposed Plan or the Fire Victim Initiatives. There is no requirement for *pro rata* treatment in the proposed operative documents; nor is there the any disputed claims reserve mechanism, which is in every plan and is geared to ensure *pro rata* treatment. The Fire Victim Claims Resolution Procedures appear to envision the possibility of unequal treatment depending not only on the type of Fire Victim but also the timing of the determination of the Fire Victim Claim and the magnitude of the Fire Victim Claim.
- At present, the Claim Administrator's determination of eligibility, amount, and allowance of each Fire Victim Claim shall be final and binding, and Fire Victims will have no recourse to seek further relief from any court except as set forth in the Fire Victim Claims Resolution Procedures. *See* Docket No. 6049, Ex. A § 2.4, Ex. B § VIII. However, this would leave AT&T and other Fire Victims without the ability to effectively and easily seek recourse from the Bankruptcy Court, even in cases of patently and objectively unfair actions by the Trustee. This is particularly problematic in view of the Trustee's and Claim Administrator's stated intent to treat large Fire Victim Claims differently.

If substantial funds are used for "preparatory work" regarding the Fire Victim Initiatives as currently presented, it could lead to a difficult situation whereby the TCC, the Debtors and others may claim and argue at confirmation that it is too difficult to change course or alter the Fire Victim Initiatives, that actions have been taken that cannot be undone, that significant dollars have already been spent on the Fire Victim Initiatives, or even that parties somehow have waived their rights in some respect. For instance, the TCC discusses the need to hire employees to "develop and implement the claims evaluation protocols and software developers who will create a customized database." Request for Hearing, ¶ 4. Presumably, these "claims evaluation protocols" and the associated "customized database" need to be developed based on the actual claims evaluation

1 procedures that will be implemented pursuant to the Proposed Plan. Based off what has been
2 currently presented, there are certain features of the Fire Victim Initiatives that will either
3 (i) necessitate discussion amongst the TCC, the Debtors and AT&T prior to implementation of any
4 such protocols or databases or (ii) require the parties to brief these matters in connection with the
5 Confirmation Hearing.

6 Consistent with the foregoing, AT&T reserves all rights with respect to the issues raised in
7 connection with the Request for Hearing and the related application, as well as all rights to object
8 to the Proposed Plan, including the Fire Victim Initiatives. Particularly, whatever budget is
9 approved by the Court for Justice Trotter and Ms. Yanni and whatever action is ultimately taken
10 by them and the TCC should not prejudice any potential objections to the Fire Victim Initiatives
11 and confirmation of the Plan.

12
13 Respectfully submitted,

14 DATED: April 1, 2019

CROWELL & MORING LLP

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16 By: /s/ Thomas F. Koegel
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